



STATE BOARD OF EQUALIZATION STAFF LEGISLATIVE BILL ANALYSIS

Date Amended:	05/01/03	Bill No:	SB 1059
Tax:	Property	Author:	Senate Committee on Revenue and Taxation
Board Position:		Related Bills:	AB 1744 (Assembly Revenue and Taxation Committee) SB 1062 (SR&T) SB 2086 (2002)

BILL SUMMARY

This California Assessors' Association sponsored omnibus property tax bill would:

- Update the timeframe when a notice of bulk sale must include a completed business property statement to conform to changes in the lien date and business property statement filing periods. *Commercial Code §6105*
- Authorize a board of supervisors to require that persons filing tentative maps provide a copy of the maps to the assessor. *§72*
- Increase the minimum amount of damage necessary to receive property tax deferral from \$5,000 to \$10,000, in conformance with Section 170. *§194*
- Require taxpayers claiming the historical aircraft exemption to provide certificates of attendance indicating public display of the aircraft at least 12 days annually. *§220.5*
- Establish simplified annual filing for certain nonprofit cemeteries via the return of a postcard. *§256.6*
- Delete a requirement that a specific employee's name be listed as a contact person on a Notice of Proposed Escape Assessment. *§531.8*
- Allow escape assessments to be noted on the roll for the current assessment year as either a notation on the physical document or an electronic copy. *§533*

Summary Of Amendments

The amendments to this bill since the previous analysis delete a provision to require the State Board of Equalization (Board) to make and publish an estimate of the fiscal impact resulting from any proposed Board action, including Assessors' Handbooks and Letters to Assessors. *Government Code §15606*

This staff analysis is provided to address various administrative, cost, revenue and policy issues; it is not to be construed to reflect or suggest the Board's formal position.

ANALYSIS**Bulk Sales***Commercial Code Section 6105***Current Law**

Existing law requires that a completed business property statement must accompany a notice of bulk sale that is filed between March 1 and the last Friday in May.

Proposed Law

This bill would amend Section 6105 of the Commercial Code to change the period of time during which a completed business property statement must accompany a notice of a bulk sale to those notices filed between January 1 and May 31.

Comments

Purpose. This bill would update the dates specified in the code to conform to changes in the lien date (from March 1 to January 1) and last day to file the business property statement (from the last Friday in May to May 31).

Tentative Maps*Revenue and Taxation Code Section 72***Current Law**

Under existing law when a parcel is split the assessor must allocate the assessed value of that property among the new parcels created.

Proposed Law

This bill would amend Section 72 of the Revenue and Taxation Code to authorize a board of supervisors to adopt an ordinance that requires a party that files an approved set of tentative maps with the county or a city to provide a copy of these maps to the assessor as soon as possible after the maps are filed.

1. **Purpose.** According to the sponsor, when a large parcel is split into one or more parcels it can be difficult to determine where existing improvements on the property are located in order to assign the improvements to the proper new parcel number and obtaining copies of these maps would aid in that process.
2. **The phrase “tentative maps” is not clear as to the type of the maps this bill is intended to address.** The sponsor may want to further define the phrase “tentative maps” to more clearly indicate that it relates to a map of a proposed split of a pre-existing parcel or place the provision in an area of law where such tentative maps are required and/or referenced. The section of code proposed to be amended, Section 72, relates to transmittal of building permits and building plans.

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Section 327.1, which was added to the code last year and also sponsored by the California Assessors' Association, authorizes a county board of supervisors to adopt an ordinance requiring a copy of a recorded digital subdivision map to be filed with the county assessor. This may be a more appropriate location for this provision. Would tentative maps that are not approved also be required to be filed with the assessor? As currently drafted, the language states maps are to be submitted as soon as they are filed.

Disaster Relief - Property Tax Deferral *Revenue and Taxation Code Section 194*

Current Law

Property taxes may be reduced following a disaster, misfortune, or calamity in those counties where the board of supervisors has adopted an ordinance authorizing the disaster relief provisions of Revenue and Taxation Code Section 170. Disaster relief is provided by allowing the county assessor, under specified conditions, to reassess the property after the lien date to recognize the loss in a property's market value. One of these conditions is that the sum of the full cash values of the land, improvements, and personalty before the damage or destruction exceeds the sum of the values after the damage by \$10,000 or more.

In addition, any property owner whose real property has been substantially damaged or destroyed in a Governor proclaimed state of emergency, and who has applied for property tax relief under Section 170, may apply to defer payment of property taxes on the next installment of the regular secured roll pursuant to Section 194 et seq. To qualify for deferral, for property receiving a homeowners' exemption, subdivision (f) of Section 194, defines "substantial disaster damage" as damage amounting to at least 10 percent of its fair market value or \$5,000, whichever is less. For all other property, the damage must be at least 20% of value

Proposed Law

This bill would amend Section 194 of the Revenue and Taxation Code to update the minimum amount of damage to qualify for property tax deferral, from \$5,000 to \$10,000, consistent with the \$10,000 level for disaster relief under Section 170.

Comments

Purpose. This threshold amount was increased from \$5,000 to \$10,000 by SB 1181 (Chapter 407, Stats. 2001), effective January 1, 2002. The damage threshold of \$5,000 is now outdated since the threshold to qualify for relief under Section 170 has been increased to \$10,000. Therefore, the \$5,000 threshold amount in Section 194(f) should be increased to \$10,000 to conform to the change made to Section 170 effective January 1, 2002.

Related Bill. This provision is also contained in SB 1062 (Senate Committee on Revenue and Taxation) and sponsored by the Board.

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Historical Aircraft
Revenue and Taxation Code Sections 220.5

Current Law

Revenue and Taxation Code Section 220.5 provides a property tax exemption for aircraft of historical significance. A one-time fee of \$35 is imposed with the initial application for exemption. Thereafter, Section 255 requires that persons re-file for the exemption each year by February 15. To qualify for the exemption the aircraft must be displayed to the public at least 12 days during the year.

Proposed Law

This bill would amend Section 220.5 to specify that persons claiming the exemption attach a certificate of attendance from the event coordinator of the event at which the aircraft was displayed.

Comments

1. **Purpose.** To statutorily require documentation to substantiate 12 days of public display.
2. **Key Amendments.** The April 21 amendment deleted a provision to add Section 276.5 to the Revenue and Taxation Code to allow a partial exemption of 80% for claims for the aircraft of historical significance exemption filed after February 15 but on or before August 1. This provision was deleted over a concern that it would expand the exemption.
3. **Suggested Amendment.** Public aircraft show events are generally weekend events. Because it may take multiple events to reach the 12-day threshold, the following language is suggested.

When applying for an exemption pursuant to this section, the claimant shall attach to that application a certificate of attendance from the event coordinators of the event at which the aircraft was on displayed sufficient to attain the minimum number of days on display as required by this paragraph.

4. **Delay Operative Date.** The sponsors may wish to consider delaying the operative date of these provisions to January 1, 2005. Since this new requirement would be effective on January 1, 2004, documentation for participation in events held in the 2003 year would be required to be submitted with the February 15, 2004 claim, but historical aircraft owners would not have known to obtain attendance certificates during the 2003 calendar year.

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Nonprofit Cemetery Exemption
Revenue and Taxation Code Section 256.6

Current Law

Under existing law, Article XIII, Section 3(g) of the Constitution and Revenue and Taxation Code Section 204 provide for a property tax exemption of nonprofit cemeteries. The cemetery exemption is available on property used or held exclusively for the burial or other permanent deposit of the human dead and property used or held exclusively for the care, maintenance or upkeep of such property or such dead, except any such property that is used or held for profit.

Current law requires that a property qualifying for the cemetery exemption must have a new exemption claim filed on the property every year by February 15.

Proposed Law

This bill would add Section 256.6 to the Revenue and Taxation Code to simplify the process for filing the cemetery exemption claim form each year. Rather than re-filing a full claim each year, the cemetery operator would return a postcard sent to it by the assessor to renew the exemption for the following year.

The assessor would send the notice by January 1 and the cemetery operator would return the card by February 15, indicating that the property continues to be used for cemetery purposes.

Background

Other exemptions where simplified annual re-filing is available include:

Welfare Exemption. Revenue and Taxation Code Section 254.5 provides simplified annual re-filing for property eligible for exemption pursuant to Section 214.15, which provides the welfare exemption to land holdings for the future construction of homes for sale to low-income persons, and also Section 231, which provides the welfare exemption for property owned by a nonprofit organization and leased to a governmental agency.

Religious Exemption. Revenue and Taxation Code Section 257.1 provides simplified annual refiling for property eligible for the religious exemption.

Comments

1. **Purpose.** Since property used for cemetery purposes rarely changes, this provision is intended to reduce the annual paperwork for both non-profit cemeteries and assessors' offices to renew the cemetery exemption.

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2. **This Bill Creates a Board Prescribed Form.** This bill would require the Board to prescribe the notice sent with the postcard to explain the circumstances under which the property would be disqualified from receiving the cemetery exemption.
3. **Failure to Return the Postcard Would Not Automatically Result in the Loss of the Exemption.** Instead the assessor could inspect the property to verify it was still being used as a non-profit cemetery. This provision may assist certain situations, such as historical and pioneer cemeteries in which ownership of the cemetery is unknown or is in dispute, and no one is available to file an exemption claim on the property. Situations have occurred where these cemeteries have been subsequently sold for tax delinquency.

Notice of Proposed Escape Assessments - Specific Contact Information *Revenue and Taxation Code Section 531.8*

Current Law

Existing law requires that a "Notice of Proposed Escape Assessment" include the name and telephone number of a person at the assessor's office who is knowledgeable with respect to the proposed escape assessment or assessments and may be contacted with any questions with respect to the proposed assessment or assessments.

Proposed Law

This bill would amend Section 531.8 of the Revenue and Taxation Code to delete the requirement that a specific person's name be listed on notice.

Comments

The sponsors note that it is costly to program the computer systems to customize each Notice of Proposed Escape Assessment to list the specific name of a person rather than a more general-purpose notice.

Escape Assessments - Notation on Roll *Revenue and Taxation Code Section 533*

Current Law

Existing law requires that escape assessments enrolled on the current assessment roll include a notation which reads "Escaped assessment for year 19_ pursuant to Sections ____ of the Revenue and Taxation Code" when the escape assessment is for another assessment year other than the current year.

The assessment roll generally lists the assessed value of all property located in the county for a particular fiscal year. Revenue and Taxation Code Section 1602 requires that the assessment roll, or a copy thereof, be made available for inspection by all

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interested parties during regular office hours. Sections 109.5 and 109.6 provide that the data included in the assessment roll may be electronically maintained so that no physical document need be prepared. But the data must be stored in a manner that can be made readily available to the public in an understandable form.

Proposed Law

This bill would amend Section 533 of the Revenue and Taxation Code to provide that the specified notation be made either on the hard copy of the roll or in an electronic format.

Comments

Under the current method of electronic assessment rolls, it is not practical to implement Section 533 on the assessment roll itself which is basically a requirement intended for a physical paper format.

Interested parties can determine from other electronic sources maintained by the assessor and available at the assessor's office regarding any escape assessments.

COST ESTIMATE

The Board would incur some minor absorbable costs in informing and advising local county assessors, the public, and staff of the law changes and creating new prescribed forms.

REVENUE ESTIMATE

This measure does not have any revenue impact.

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